

CITY OF SAN DIEGO
ADMINISTRATIVE REGULATION

SUBJECT BUSINESS IMPROVEMENT DISTRICT FORMATION PROCEDURES AND GUIDELINES	Number 1.90	Issue 1	Page 1 of 6
	Effective Date September 15, 1987		

1. PURPOSE

To establish the responsibilities and procedures for initiation of Business Improvement Districts (BID).

2. SCOPE

This regulation applies to City departments which, based on redevelopment, revitalization or community plans, assist business owners or business associations in the formation and administration of BIDs.

3. POLICY

BIDs are covered under the State of California Parking and Business Improvement Area Law of 1979 and the City of San Diego Council Policy 900-07 adopted in March, 1986. Under the provisions of these acts, additional assessments can be placed on businesses in a specific area to support activities benefiting that area. The areas covered and assessed by a BID are limited to commercially zoned areas. Multi-family residences of six units or more can be included. Businesses with Home Occupancy Permits can be excluded.

4. PROCEDURE

4.1 Community Support

The City Council may adopt a resolution of intention to establish an area, either on its own initiative or if it is requested to do so by at least 20 percent of the owners of businesses within the area to be formed. It is expected that demonstration of support will be greater than that of opposition if a BID proposal is to go forward to City Council.

Authorized

(Signed by John W. Witt)

City Attorney

(Signed by J. P. Fowler)

City Manager

(Signed by Charles G. Abdelnour)

City Clerk

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Demonstrated support (or opposition) must be in writing. A survey or petition should be circulated and attempts be made to contact as many business owners as possible. This may be done through meetings door-to-door visits, mailings or other means. At least one meeting, to which all affected business owners are invited, should be held to structure and boundaries. This meeting will be held prior to a BID proposal being drafted by advocates of the BID and submitted to the City Council for consideration.

4.2 BID Proposal

The following shall be included in the BID proposal:

- a. Names of initial advocates (group or individuals) interested in initiating the district.
- b. Area to be included in the district, by street address, and including numerical address range by block.
- c. Indication of initial responses of business owners to the proposed district and a description of attempts to contact all property owners.
- d. Map of area to be included.
- e. Specific goals and objectives of the district.
- f. Benefit zones: Businesses will be placed in zones according to geographic location within the district. Currently, a maximum of three benefit zones can be accommodated by the City Treasurer's data processing system.
- g. Assessment categories: Businesses will be placed, by type, in a benefit category; assessment amounts will be determined and specified according to expected level of gain to accrue to a particular type of business, for example retail, wholesaling or professional. Currently, a maximum of three assessment categories can be accommodated by the City Treasurer's data processing system.
- h. Designated management entity (business association or individual) with description of qualifications, interest and involvement in BID area, by-laws of association, and indication of nonprofit status.
- i. Proposed draft agreement between management entity and City.

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4.3 Council Committee Review

After the initial steps have been taken, the BID proposal with the information above shall be presented to City Council Transportation and Land Use Committee. The Committee will take action to approve or disapprove the initiation of formation proceedings by the City Council or provide other guidance.

4.4 Resolution of Intention

Staff will prepare a Resolution of Intention and resolution/ordinance(s) for the subsequent hearing for City Council consideration. Please refer to Administrative Regulation 3.20, Processing Requests for Council Action for Approval of a Resolution or Ordinance, for procedure. Pursuant to Streets and Highways (S&H) Code Sec. 36521, the Resolution shall contain:

- a. A description of the boundaries of the proposed area.
- b. The time and place of a hearing to be held by the City Council to consider establishment of an area.
- c. The proposed uses of proposed revenue in the form of a preliminary budget.
- d. A description of the method by which assessments or charges will be collected. If a classification system is used in making assessments or charges there shall be included a description by class or business of the classification system to be used.

4.5 Notice of Public Hearing to Establish BID

After City Council adoption of the Resolution, public notice shall be made as follows:

- a. The Resolution of Intention shall be officially published by the City Clerk's Office in the newspaper of general circulation used by the City for other public hearing notices at least 10 days prior to the hearing date.
- b. The Resolution shall be published for information purposes in other local periodicals, as appropriate, by the originating department, to achieve community awareness of the proposed BID formation.

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- c. The originating department mails the Resolution by U.S. Mail, postage prepaid, to all business license holders within the proposed area and to the Small Business Advisory Board.

4.6 Hearing to Establish BID

The City Council will hear public testimony for and against the proposed BID. Pursuant to S&H Code Sec. 36523, proceedings to establish the district shall terminate if a protest is made by businesses in the proposed area which would pay a majority of the assessments.

4.7 Business Improvement District Ordinance

A BID ordinance prepared for City Council consideration shall contain the following:

- a. The number, date, and title of the Resolution of Intention pursuant to which it was adopted.
- b. The time and place the public hearing was held concerning the formation of the area.
- c. The description of the boundaries of the area, including numerical address range by street.
- d. A statement that the businesses in the area established by the ordinance shall be subject to any amendments to the ordinance.
- e. The description of the assessments or charges to be imposed, with a breakdown by classification i.e., benefit zones and/or assessment categories, if appropriate.
- f. A statement that a parking and business improvement area has been established.
- g. The uses to which the revenue shall be put.
- i. A finding that the business lying within the business and improvement area, in the opinion of the City Council, will be benefited by the expenditure of the funds raised by the assessments or charges proposed to be levied.

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4.8 Agreement with City

At the ordinance hearing, a formal agreement with the group or individual designated to operate the district may be presented for City Council consideration. The agreement will include a budget, will specify a scope of work, and will be effective date of the ordinance.

If more than one entity has expressed interest in the management of the district, staff shall entertain proposals and make recommendations to the City Council at the hearing to establish the BID. Such recommendations will be based on involvement in district establishment, familiarity with the proposed district are, expertise/capability to manage the BID's budget and work program and approval/support of potential members.

4.9 Collection and Disbursement of Assessment Funds

The City Treasurer will levy, collect, and enforce the yearly assessment in the same manner, at the same time and with the same penalties and interest as the general business tax. Monies received will be applied to the assessment obligation first before payment is made to satisfy the general business tax.

The City Manager will disburse the funds during the year to the designated BID management entity upon submittal of appropriate authorized expense receipts. At the time of establishment of the district, a cash advance may be authorized by the Manager to the district equal to two months reimbursement. This advance is to be repaid prior to any disestablishment of a district.

4.10 Staff Support

The formation of BIDs may be supported by City staff who are involved in revitalization of business areas or as otherwise directed by the City Manager. The Financial Management Department, or another department designated by the City Manager, shall be responsible for administration of operating agreements with BIDs.

The City Treasurers Department shall be responsible for collection of the assessments or charges once a district is established.

The initiating business group, management entity and/or City department, shall coordinate district formation efforts with the above departments.

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Reasonable data processing charges for setting up a BID may be charged to the district after establishing an appropriate pay back schedule acceptable to the City and the BID management entity. Such costs must be covered in the districts annual budget.

Reasonable annual administrative/monitoring costs of the City may be charged to the district if the recovery of such costs is deemed appropriate by the Manager consistent with City Council approved annual BID budgets.

4.11 Modification and Disestablishment

Modification to a BID can only be made by City Council Ordinance. The City Council may disestablish a BID by issuing a Resolution of Intention and ordinance following a noticed public hearing.

APPENDIX

Legal References

- (1) California Streets and Highways Code, Parking and Business Improvement Area Law of 1979. Section 36500-36581.
- (2) Council Policy 900-07